

Message Text

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PAGE 01 QUITO 06329 260035Z

64

ACTION ARA-20

INFO OCT-01 ISO-00 L-03 EB-11 OPIC-12 TRSE-00 FEA-02

AEC-11 AID-20 CEA-02 CIAE-00 CIEP-03 COME-00 DODE-00

FPC-01 H-03 INR-11 INT-08 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08 FRB-03 DRC-01

/166 W

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P R 252340Z SEP 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC PRIORITY 2595

INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 6329

E.O. 11652: GDS

TAGS: PGOV, ENRG, EINV, EC

SUBJECT: ADA CASE: COMMENTS ON PRESIDENT LASSITER'S VIEWS OF THE
SITUATION

REF: STATE 2104921

1. EMBASSY APPRECIATES BEING INFORMED OF ADA PRESIDENT
LASSITER'S VIEWS CONVEYED REFTEL.

2. WE ARE NOT SURPRISED AT VARGAS EXPRESSED DISAPPOINTMENT
AT ADA'S DECISION NOT TO BID. THE GOE'S INTEREST IN HAVING
ADA BID HAS BEEN MADE CLEAR BOTH BY MINISTER OF NATURAL RESOURCES
JARRIN TO LASSITER ON SEPTEMBER 6 AND DIRECTLY TO THE EMBASSY
THROUGH OTHER MEANS. WE AGREE, AS PREVIOUSLY NOTED,
WITH VARGAS STATEMENT THAT A PUBLIC CONFRONTATION WOULD MAKE
CERTAIN BOTH "EMOTIONAL REACTIONS" AND "NEGATIVE REACTIONS."

3. WITH RESPECT TO JARRIN'S FUTURE, THOUGH WE HAVE NO HARD
EVIDENCE TO THAT EFFECT, OUR JUDGMENT NOW IS THAT HE HAS
PROBABLY GOTTEN A FIRMER GRIP ON HIS MINISTERIAL CHAIR,
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PAGE 02 QUITO 06329 260035Z

ALTHOUGH FOR REASONS UNRELATED TO THE CHAIRMANSHIP OF OPEC.

THE FACT THAT HE HAS BEEN IN THE FOREFRONT OF OIL
POLICY AND PRICING DEVELOPMENTS HERE SINCE HIS RETURN
ON SEPTEMBER 20 FROM VIENNA SPEAKS FOR ITSELF: HE
ANNOUNCED A NEW BUYBACK POLICY FROM TEXACO-GULF ON
HIS RETURN (QUITO 6266), LED THE ATTACK ON PRESIDENT
FORD'S AND SECRETARY KISSINGER'S RECENT SPEECHES (QUITO
6313) AND IN STATEMENT TO PRESS DATED SEPTEMBER 24
(QUITO 6328) ANNOUNCED THAT THE GOE WOULD INCREASE ITS
SHARE OF TEXACO-GULF. IT WOULD BE HARD
TO BELIEVE THAT HE CAN BE SAFELY REPLACED AT THIS JUNCTURE.

4. WITH RESPECT TO LASSITER'S VIEWS ON THE 15
COMPANIES WHICH HAVE QUALIFIED, HIS REACTION WAS PERHAPS
TO BE EXPECTED. ADA HAS CONSISTENTLY MAINTAINED, DESPITE
INDICATIONS WE HAD RECEIVED AND REPORTED TO THE CONTRARY,
THAT NO ONE WOULD BID ON THIS CONCESSION. WHILE THAT
STILL MAY BE TRUE, AND IT WILL CERTAINLY BE TRUE THAT
SOME OF THE 15 COMPANIES WHICH ASKED TO QUALIFY MAY NOT
IN FACT BID, WE BELIEVE THAT THE GAS POTENTIAL IS SO
GREAT AND INDUSTRY "DISCIPLINE" NOW SO LAX IF NOT
NONEXISTENT THAT A BID OR BIDS BY ONE OF THE MAJORS IS
HIGHLY PROBABLE.
BREWSTER

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